

Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 /107 W

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FM AMCONSUL JOHANNESBURG

TO SECSTATE WASHDC PRIORITY 5656

INFO AMCONSUL CAPE TOWN

AMEMBASSY LONDON

AMEMBASSY PRETORIA

USMISSION EC BRUSSELS

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CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: ELAB, PINT, EGEN, SF

SUBJECT: GROWING PRESSURE ON SAG OVER UNEMPLOYMENT CRISIS

REF: JOHANNESBURG A-11

1. SUMMARY: WHILE THE UNEMPLOYMENT CRISIS CONTINUES TO GROW IN PROPORTIONS, INDICATIONS ARE THAT THE SAG REMAINS UNCERTAIN OVER HOW TO COPE WITH THE SITUATION. UNLESS EARLY CORRECTIVE MEANS ARE TAKEN, HOWEVER, IT COULD BE A MOST IMPORTANT CAUSE OF RENEWED URBAN UNREST. END SUMMARY.

2. THE SERIOUS ISSUE OF UNEMPLOYMENT, WHICH CONTINUES TO GAIN MOMENTUM, IS EXPECTED TO BE TAKEN UP BY THE PRIME MINISTER'S ECONOMIC ADVISORY COUNCIL ON FEBRUARY 24. ACCORDING TO PRESS REPORTS, IT IS BELIEVED THE COUNCIL WILL GIVE LIMITED OFFICIAL USE

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ATTENTION TO THE INTERRELATED ASPECTS OF GROWTH, UNEMPLOYMENT, INFLATION AND BALANCE OF PAYMENTS.

3. OVER THE PAST SEVERAL MONTHS, MANY VOICES BOTH INSIDE AND OUTSIDE GOVERNMENT HAVE EXPRESSED CONCERN OVER THE NEED TO CORRECT THE WORSENING UNEMPLOYMENT SITUATION WITHOUT DAMAGING THE BALANCE OF PAYMENTS TOO SERIOUSLY. THE CHIEF

OF THE SOWETO CID, COLONEL J.C. VISSER, WARNED HIS SUPERIORS IN PRETORIA LAST WEEK OF AN EXPECTED INCREASE IN ARMED ROBBERIES BECAUSE OF INCREASING UNEMPLOYMENT. THE ASSOCIATION OF CHAMBERS OF COMMERCE (ASSOCOM) IN EVIDENCE BEFORE THE CILLIE COMMISSION, WHICH IS INVESTIGATING THE RECENT TOWNSHIP DISTURBANCES, CITED UNEMPLOYMENT AS THE FIRST OF TEN CAUSES CONTRIBUTING TO THE ACCELERATING CRIME RATE IN BLACK URBAN TOWNSHIPS.

4. ARTHUR GROBBELAAR, GENERAL SECRETARY OF THE 200,000 STRONG TRADE UNION COUNCIL OF SOUTH AFRICA (TUCSA) CALLED LAST WEEK FOR SPECIAL MEASURES TO EMPLOY SCHOOL LEAVERS; A MORATORIUM ON RENTALS IN EMERGENCY CASES; IMPROVEMENTS TO THE UNEMPLOYMENT INSURANCE SCHEME FROM WHICH FEWER THAN 20,000 ARE DRAWING BENEFITS OUT OF THE ESTIMATED UNEMPLOYMENT TOTAL OF BETWEEN 600,000 AND ONE MILLION; EMERGENCY FOOD RATIONS; AND PUBLIC WORKS PROGRAM TO PROVIDE EMERGENCY EMPLOYMENT.

5. THE TRANSVAAL CHAMBER OF INDUSTRIES AND THE INDUSTRIAL COUNCIL FOR THE ENGINEERING INDUSTRY HAVE CALLED ON GOVERNMENT FOR SPECIAL MEASURES, INCLUDING THE USE OF THE UNEMPLOYMENT INSURANCE FUND TO HELP EMPLOYERS AVOID LAYING OFF WORKERS.

6. OTHERS, SUCH AS PROFESSOR P.J. VAN DER MERVE OF THE UNIVERSITY OF PRETORIA AND S.P. CILLIERS OF THE UNIVERSITY OF STELLENBOSCH, HAVE ASKED GOVERNMENT TO INCREASE HOUSING CONSTRUCTION IN THE TOWNSHIPS IN ORDER TO COMBAT THE TWIN CRISES OF UNEMPLOYMENT AND INADEQUATE HOUSING FOR BLACKS.
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7. IN THE MEANTIME, MINISTER OF LABOR FANIE BOTHA, IN AN INTERVIEW WITH THE SUNDAY EXPRESS, CONFESSED THE SAG "JUST DOESN'T KNOW WHERE IT STANDS" OVER THE SPREADING UNEMPLOYMENT CRISIS. "FIGURES DIFFER BY AS MUCH AS EIGHT HUNDRED THOUSAND. WE JUST DON'T KNOW WHERE WE STAND."

8. AS REPORTED IN JOHANNESBURG A-11, QUALIFIED OBSERVERS ESTIMATE THERE ARE ABOUT 600,000 BLACKS UNEMPLOYED IN THE URBAN AND WHITE RURAL AREAS IN ADDITION TO BETWEEN 70,000 AND 80,000 UNEMPLOYED WHITES, COLOREDS, AND INDIANS. ANOTHER 400,000 BLACKS ARE ESTIMATED TO BE UNDER-EMPLOYED IN THE HOMELANDS. UNEMPLOYMENT IS CURRENTLY ESTIMATED TO BE INCREASING AT THE RATE OF 12,000 TO 15,000 PER MONTH. A SURVEY COMPANY REPORTED IN JANUARY THAT 20 PERCENT OF THE FIRMS QUERIED EMPLOYING 750,000 WORKERS ALTOGETHER INTEND LAYING OFF STAFF. UNEMPLOYMENT IN THE EASTERN PROVINCE IS, ACCORDING TO PROFESSOR CILLIERS, "THE HIGHEST WE HAVE HAD SINCE RECORDS WERE FIRST KEPT IN 1960."

9. COMMENT: WHILE THE SOLUTION TO THE UNEMPLOYMENT SITUATION IN SOUTH AFRICA IS OBVIOUSLY LONG-TERM, IT ALSO EVIDENT THAT IMMEDIATE STEPS WILL HAVE TO BE TAKEN. PRIME MINISTER VORSTER IS ON RECORD AS SAYING THAT ONE OF HIS FEARS FOR SOUTH AFRICA IS WIDESPREAD BLACK AND BROWN UNEMPLOYMENT. IN ADDITION TO THE RECESSIONARY CONDITIONS, HOWEVER, EFFECTIVE USE OF MANPOWER CONTINUES TO BE HAMPERED BY THE SYSTEM OF RESERVING JOBS FOR WHITES, LIMITING THE NUMBER OF BLACKS WHICH MAY BE EMPLOYED BY EACH COMPANY, INADEQUATE EDUCATIONAL AND TRAINING FACILITIES AND OTHER SOCIAL INEQUITIES WHICH ARE INCONSISTENT WITH AN INDUSTRIALIZING SOCIETY.
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